

JUNE 2003 HIGHLIGHTS

A strong demand for houses continued to be the most prominent feature of New Jersey's construction industry in 2003. The estimated cost of construction was \$897.2 million. Residential construction totaled \$506.5 million, 56.5 percent of all activity for the month. Office, retail, and other nonresidential work accounted for \$390.7 million, 43.5 percent; 515 municipalities reported.

Top Municipalities

Washington Township in Mercer County led all communities in June with \$43.2 million of construction. Most of this was for a new high school. Construction costs thus far are estimated at \$36.7 million. Floor area for the school is expected to be 225,000 square feet. School construction also accounted for most of the work in Jefferson Township, which ranked second among localities. The Morris County municipality had \$28.6 million of construction, over \$26 million of which was for an addition, connecting the high school to the middle school. The City of Newark in Essex County ranked third with \$17 million of construction. Office alterations accounted for \$6 million. The State's largest city also had 75 authorized housing units in June, fourth among all localities. Since January, Newark has issued building permits for 703 new houses, tops among all localities.

Mid-Year Review

The estimated cost of construction in the first half of 2003 was \$5.3 billion. This was nearly \$200 million less than the amount last year, a decline of 3.6 percent. New office space is down by about 145,000 square feet (3.1 percent). Retail space declined by 26 percent compared to last year. Only authorized housing is about at the same level as the first half of 2002. A total of 15,060 new dwellings were authorized by permits. This was 34 more than the same period last year.

| Major Construction Indicators, New Jersey: Six-Month Comparison | | | | |
|--|---|---|--|--|
| Period | Estimated Cost of Construction | Authorized Housing Units | Authorized Office Space (square feet) | Authorized Retail Space (square feet) |
| January–June 1997 | \$3,926,007,970 | 12,824 | 3,527,402 | 2,622,495 |
| January–June 1998 | \$4,121,149,094 | 15,139 | 4,780,300 | 4,128,120 |
| January–June 1999 | \$4,994,367,961 | 16,809 | 5,254,870 | 3,596,066 |
| January–June 2000 | \$4,798,965,724 | 16,849 | 5,972,159 | 2,233,888 |
| January–June 2001 | \$6,157,204,386 | 16,834 | 9,771,589 | 3,244,421 |
| January–June 2002 | \$5,530,176,347 | 15,026 | 4,717,733 | 4,255,238 |
| January–June 2003 | \$5,331,838,015 | 15,060 | 4,572,969 | 3,116,205 |
| <i>Difference Between 2002 and 2003</i> | | | | |
| 2001-2002 | (\$198,338,332) | 34 | (144,764) | (1,139,033) |
| Percent Change | -3.6% | 0.2% | -3.1% | -26.8% |
| Source: N.J. Department of Community Affairs, 8/7/03 | | | | |

Top Localities

Newark leads all municipalities with the most work in the first half of 2003. Estimated construction costs reported on permits issued for the first half of the year in the City totaled \$96.1 million. More than half (56.5 percent) of all the construction activity reported was for housing. Newark leads all localities with 703 authorized houses. Most of the new housing is in the form of single-family and two-, three-, and four-unit buildings. One of the largest multifamily developments that broke ground during the year was a 63-unit apartment complex that will be renovated from an existing office building. The development also will include new retail space.

Atlantic City in Atlantic County had \$92 million of construction. The biggest development was expansion of the Resorts Casino Hotel. Princeton Township in Mercer County ranks third with \$90.9 million of construction authorized by permits. Much of this activity was due to two new dormitories underway by Princeton University. The Township school district also has started major expansion of its elementary and middle schools.

“State buildings” refers to a category of building permits issued on behalf of State government agencies or instrumentalities of the State of New Jersey. These include NJ Transit, the New Jersey Turnpike Authority, and State colleges and universities. This category of construction stands out for the high level of activity. Many of the bigger permits were issued for major capital improvements for institutions of higher learning, including Montclair State University, Kean University, Ramapo College of New Jersey, and the University of Medicine and Dentistry of New Jersey campus in Newark. Since January 2003, estimated construction costs authorized by State buildings totaled \$220 million.

New House Prices

New house prices grew by 3.7 percent compared to last quarter. Half of the 4,813 new houses that were completed, occupied, and began enrollment in a new home warranty program in the second quarter of 2003 cost more than \$301,690. Last quarter, the median sales price for New Jersey was \$290,900. Builders must purchase new home warranties for most of the new dwellings they build. The exceptions are apartments and new houses built by the homeowners themselves.

| New House Prices | | | |
|--|----------------------|--------------------|-------------------------------|
| Period | Number of New Houses | Median Sales Price | Percent Change in Sales Price |
| 1996 | 20,903 | \$183,300 | |
| 1997 | 21,640 | \$190,000 | 3.7% |
| 1998 | 23,884 | \$209,980 | 10.5% |
| 1999 | 24,479 | \$224,496 | 6.9% |
| 2000 | 25,058 | \$231,728 | 3.2% |
| 2001 | 23,372 | \$253,670 | 9.5% |
| 2002 | 23,647 | \$274,705 | 8.3% |
| 1 st Quarter 2002 | 5,645 | \$259,900 | |
| 2 nd Quarter 2002 | 6,381 | \$274,612 | 5.7% |
| 3 rd Quarter 2002 | 5,894 | \$279,900 | 1.9% |
| 4 th Quarter 2002 | 5,737 | \$282,500 | 0.93% |
| 1 st Quarter 2003 | 4,018 | \$290,900 | 2.9% |
| 2 nd Quarter 2003 | 4,813 | \$301,690 | 3.7% |
| Source: N.J. Department of Community Affairs, 8/7/03 | | | |